

December 26, 2011 (/full-blog/2011/12/boom-bust-oil-and-economic-development.html)

## Boom & Bust: Oil and Economic Development in Rural America (/full-blog/2011/12/boom-bust-oil-and-economic-development.html)



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By: Bradley Harn, Senior Staff member

Residents in the Midwestern United States may feel that concerns over oil production are far removed from their everyday lives. However, residents in small towns throughout North Dakota have had their lives changed by oil in recent years.[1] “The oil is being drawn from a formation beneath the land here and parts of eastern Montana and Canada. Named the Bakken, after the owner of the land where oil was first found, it was identified more than 50 years ago, but no one figured out how to tap into it successfully until recently.”[2]

This transition from sleepy small town to rapidly expanding oil city has been documented in the Planet Green TV show “Boomtown,” which documents the 1,000 resident town of Parshall, North Dakota.[3] Perhaps most interestingly, the oil is allowing substantial sums of money to

pour into the region. For example, there have been “payments of five, six and seven digits to town residents who might not earn money of that magnitude in a decade.”[4]

An outside observer must question how beneficial this oil money will be in the long run. There have been historical examples of how the oil boom actually harmed other communities in the region. “In places like Williston, a city of more than 12,000 about 70 miles west of Stanley, people have been through such a boom before and suffered through the bust that followed. When oil showed promise in the early 1980s, some thought Williston’s population would grow to 40,000. City officials took on more than \$20 million in debt to build streets and sewers for subdivisions that never arrived after the price of oil collapsed in the mid-1980s.”[5]

And certainly there are problems the present oil boom has created immediately. “Roads and water systems are being used at levels unseen here. The number of workers switching to oil jobs — the oil industry in the state expects to need 12,000 new workers by 2010 — has left some restaurants shortening their hours, county and town officials leaving positions unfilled, and at least one desperate fast food place offering signing bonuses.”[6]

The citizens of the state are divided on how to invest the money, be it on infrastructure, education, or otherwise.[7] They regard it as a “homegrown stimulus package.”[8] The experience of Parshall, North Dakota could prove to be an interesting case study for economic development strategies in rural communities.

[1] Jon Caramanica, *A Little Place That Finds Itself Big Money*, N.Y. TIMES, January 28, 2011, <http://tv.nytimes.com/2011/01/29/arts/television/29boomtown.html>.

[2] *Id.*

[3] *Id.*

[4] *Id.*

[5] Monica Davey, *Oil in North Dakota Brings Job Boom and Burdens*, N.Y. TIMES, January 1, 2008, <http://www.nytimes.com/2008/01/01/us/01dakota.html?pagewanted=2>.

[6] *Id.*

[7] Lauren Donovan, *Looking Ahead: Where Will North Dakota’s Oil Money Go?*, THE BISMARCK TRIBUNE, May 5, 2010, <http://bismarcktribune.com/news/the-changing-landscape/3fdad8d2-57f7-11df-970b-001cc4c002e0.html>.

[8] *Id.*

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